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Today I'm going to try to relate a subject you all know something about--agricultural exports--to a subject you may be wondering about--the reappraisal of the structure of American agriculture now being carried out by the USDA, land grant colleges, farm, rural life, church and public interest groups, and by individual experts and authorities.

Some of you may have read about the latter in recent days, because the media is paying gratifying attention to the public meetings I'm conducting throughout the country as part of the reappraisal project. Last week's meeting in Sioux City, Iowa, for example, attracted some 65 reporters and nine television crews, and the next day's session in Sedalia, Missouri was covered by 72 news men and women.

These meetings--ten in all--mark the opening of a national public dialogue on the future of American agriculture and rural life. But they are only part of the project. Also well under way within and outside the Department of Agriculture are an intensive review of past and present farm policy and programs--and how they have helped shape the present structure of agriculture--and new research aimed at providing us with structure data we do not have.

Now when I talk about the "structure" of agriculture, what do I mean? Well, there are a lot of definitions. In general, structure refers to the number, the size, the condition, the characteristics, the ownership and control of the nation's farms, and usually is extended to include the first buyer of the producer's goods. Others broaden the definition of structure to have it encompass the entire food and fiber system. Still others think of structure in terms of the whole rural community.

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Remarks prepared for delivery by Secretary of Agriculture Bob Bergland, before the Embassy Agricultural Attachés, December 10, 1979, Washington, D.C.

Earlier this year I said I thought it was time for a full-scale examination of the structure of agriculture to determine how well it was performing now...how well it would perform in the future...the factors that influence its shape and direction...whether the impact of public policy on agriculture had accomplished what it intended--or whether it had triggered some unforeseen and perhaps unwanted consequences...and that it was also an appropriate time to explain the options we have in formulating future public policy affecting agriculture.

A number of concerns prompted me to call for this reappraisal of structure. As a farmer, then as a Member of Congress, and now as the Secretary of Agriculture, I've had the persistent feeling that the farm policy-making process is dominated by emergencies, by seeking quick--and sometimes expedient--solutions to problems of the immediate moment, and by a patchwork approach to a total system. There's always pressure for immediate action. There are always too many things to do in too short a period of time.

I have become convinced that we must set aside ample time to consider the future and what it portends...to be forward-looking...to make every attempt to anticipate emerging problems before they became major crises. I decided this was the opportune moment because:

--we have more than a year before the Congress takes up major new farm legislation

--there are signs of inadequacy in present policies and programs, despite the relative stability in today's agriculture

--there is additional evidence that present policies and programs may not be able to accommodate problems and challenges looming in the immediate future.

Today the productive resources of American agriculture are in near balance with domestic and export demands. As a result, farm prices are relatively stable, farm income has been rising, and farmers have more latitude in production decisions than they have had for years.

But aggregate statistics can be as deceptive as they are encouraging. Farmers are not sharing equally in the sector's general prosperity. Most grain farmers, for instance, are doing quite well; hog and poultry producers not so well. Beyond this there are sectional differences in well-being. We also know that farm debt has risen even as incomes have improved, and that many farmers--among them some of the largest operators--borrowed heavily in recent years to buy more land or equipment and are now caught in a cash-flow bind. Moreover, sharply increased production expenses--especially fuel costs--could reduce net farm income substantially in 1980.

These disparities raise the question of how well current farm policy and programs that have functioned effectively in the aggregate sense respond to the separate needs and problems of the many diverse elements within American agriculture.

A second question: Will a change in public policy be necessary to help agriculture respond in the future to what are likely to be challenges quite different from those of today, and increasingly more complex?

Meeting rising world food demand will surely be one of the major challenges, so let's try to put that challenge into perspective:

Back in 1969 a USDA economist predicted that American agricultural exports might exceed \$6 billion in 1970. He was right, but he hardly foresaw where the United States would go from there.

We will wrap up the 1970's with exports exceeding \$30 billion, and we now anticipate that 1979/80 exports will reach \$38 billion--unless domestic transportation problems overwhelm us.

The United States now exports the production from one of three harvested acres. Over the past 10 years we have exported about two-thirds of our rice production, half our wheat and soybeans, a third of our cotton, and a fourth of our corn. The value of farm commodities exported in the 1970's has exceeded the value of the previous 5 decades combined.

Farm product exports generate tens of thousands of nonfarm jobs, stimulate income and have contributed a surplus of almost \$98 billion to the country's balance of trade since fiscal year 1970.

U.S. agricultural exports are equally important to the world's economy. The United States consistently accounts for a much large portion of world agricultural trade than it does of world agricultural production.

We generally account for two-thirds of the world's trade in coarse grains, but only a third of the world's production; up to 60 percent of world oilseed trade, but only 45 percent of world production; one-third of cotton trade, but only a fifth of world production; almost half of world wheat trade, but one-sixth of its production; and 20 to 25 percent of rice trade, but only 2 percent of world output.

The increase in U.S. agricultural exports during the 1970's was triggered in large measure by two worldwide developments--rising incomes and a widespread desire to upgrade diets. Although economic growth in the high income developed countries was sluggish, there were rapid gains in many developing nations (especially the Middle East and East Asia) and in the centrally planned countries which have been major factors in determining worldwide demand for grain, oilseeds, and animal protein.

The developed countries, although still vital, are becoming less a factor in the world market for U.S. agriculture than they were in the past. They took about half of our total exports last fiscal year compared with two-thirds 10 years earlier. The share of the developing and the centrally planned countries has risen accordingly. This trend is expected to continue.

Over the past 10 years, annual world trade in wheat and coarse grains has increased by about 90 million tons, and the U.S. has supplied almost 75 million tons--more than 80 percent of the increase. In that same period, the United States has supplied nearly all the increase in world feed grain trade, which has more than doubled and is the fastest growing component of the trade in grains.

The 10-year record of growth in grain trade indicates that our major competitors have not expanded their production as rapidly to meet the rising demand. Canada and Australia have been afflicted with stubborn logistical problems. Furthermore, their geography and climate limit the potential for feed grains. Corn growers in Argentina can--and have--traded off corn for soybeans in their production patterns. And corn exports from South Africa have been constrained by limited port facilities.

How likely is the expansion in U.S. agricultural exports to continue?

There are so many variables facing us that predicting export trends in the next decade is probably more difficult today than at any time in the past. Weather, inflation, energy costs and availability, technological achievements, population growth, allocation of resources, stability of many governments. These are but some of the imponderables.

All of the uncertainties notwithstanding, we foresee the world economic growth rate continuing, but at a slower pace. The highly industrialized market economies of North America, Oceania, Western Europe and Japan will experience the slowest rates of real growth. The North Africa, Middle East, East Asia and Central America regions will experience the most rapid rates of economic growth. World food consumption will also grow, but more slowly than during the 1970's.

Can the American farmer sustain the production needed to meet both domestic and world demand? Here, again, a host of variables are involved: transportation, energy costs, cropland availability, yields, and the greatest variable of all --the weather.

On balance, I believe that production can and will rise to the demand through the 1980's. But it will be difficult.

The long-existing slack in American agriculture appears to be gone. The production sector and the institutions that serve it seem to be stretched to near capacity.

Applying the conventional wisdom would seem to call for adoption of public policy aimed at maximizing production efficiency by encouraging further concentration of ownership and control of food production resources, further expansion of individual operations, and even greater reliance on production technology.

In the past, public policy--intentionally or inadvertently--encouraged such trends, and, at least in theory, it could do it again. But the intrusion of some harsh new realities--along with growing concern over some consequences of past policy--would seem to counsel caution.

What constraints on increasing production will such harsh new realities as a relatively inelastic land base, tight money, fuel shortages, a falling water table and only limited hopes for major new production technology breakthroughs impose on a land-expansive, capital-intensive, energy-intensive, water-intensive, technology-intensive agriculture?

What further limits will the almost certain higher costs of these shrinking elements--land, money, energy, water and technology--put on increasing production?

And what about those unforeseen consequences of past policy aimed at increasing production? The environmental damage done, for example, by certain farming methods and the indiscriminate use of fertilizers and pesticides?

Linked to the resource constraints that would seem to sober expectations for substantial production gains through the traditional formulas, are two additional considerations:

First is a supposition that many of the largest farms may have already reached the size of optimum production efficiency. Any further expansion would therefore yield little further per unit production gains.

The second supposition is that modest-sized farms can become as production efficient as the largest operations. Indeed, some suspect that smaller operations may be better able to adapt to the new resource constraints than the larger farms.

Still society may weigh all of these considerations and conclude that the traditional approach to maximizing production--in part by concentrating ownership and control of the land--is still the most promising option. If that decision is made, however, it must be made in full recognition that this policy approach could signal the end of our traditional, highly-diversified family farm system of agriculture.

From the time of the founding of this nation, the American people have held the family farm concept in high esteem. That esteem reflects not only the family farm's traditional contribution to our food and fiber needs, but appreciation of it as an institution of social and economic worth to the rural community, and respect for it as a repository of values important to the nation.

Yet under the impact of technological advance and public policy that intentionally or inadvertently encourages the trend to bigger but fewer farms, the base of our family farm agriculture has been steadily eroding. In 1951 farms numbered nearly 5 1/2 million and the farm population stood at nearly 22 million. Today there are 2.7 million farms and less than 8 million farm people. Moreover, the high cost farm land, machinery and other production essentials is serving to discourage newcomers from entering into farming.

In the days ahead, the American people and the public policy makers will have to assess conflicting interests and values, weigh what may be painful trade-offs, and decide what kind of agriculture will best serve the future interests of producer and consumer, world trade and aid.

In every instance, the crucial issues are directly linked to the "structure" of agriculture. Structure determines agriculture's organizational efficiency; it affects how much--or how little--economic opportunity exists for people in rural areas, and to some extent it defines the values of the rural community at any given time. And this is why we are now engaged in a national dialogue about the future of American agriculture and rural life.

The findings that emerge from the dialogue will be used in reexamining our farm, tax, credit, trade, environmental, consumer, energy, and regulatory programs. The goal is to formulate policies that will be anticipatory and full-dimensioned--rather than reactive and piecemeal; that will be more responsive to the widely varying needs of a diverse farming sector; and that will help us meet rising food demand at home and abroad with efficiency, effectiveness, and maximum fairness to all concerned.

Thank you.

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